



Make every minute count with Neutral Tandem.



WC Docket No. 06-159

**Neutral Tandem's Petition for Interconnection
with Verizon Wireless**



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Company Overview

Who we are

The premier tandem service provider, facilitating the interchange of traffic between wireless carriers, competitive local exchange, next generation, and enhanced service providers.

Our Value Proposition

- Innovative neutral alternative to ILEC tandems
- Lower our customers' OPEX/CAPEX
- Simplify the interconnection network
- Increase quality of service and network reliability
- Level the playing field

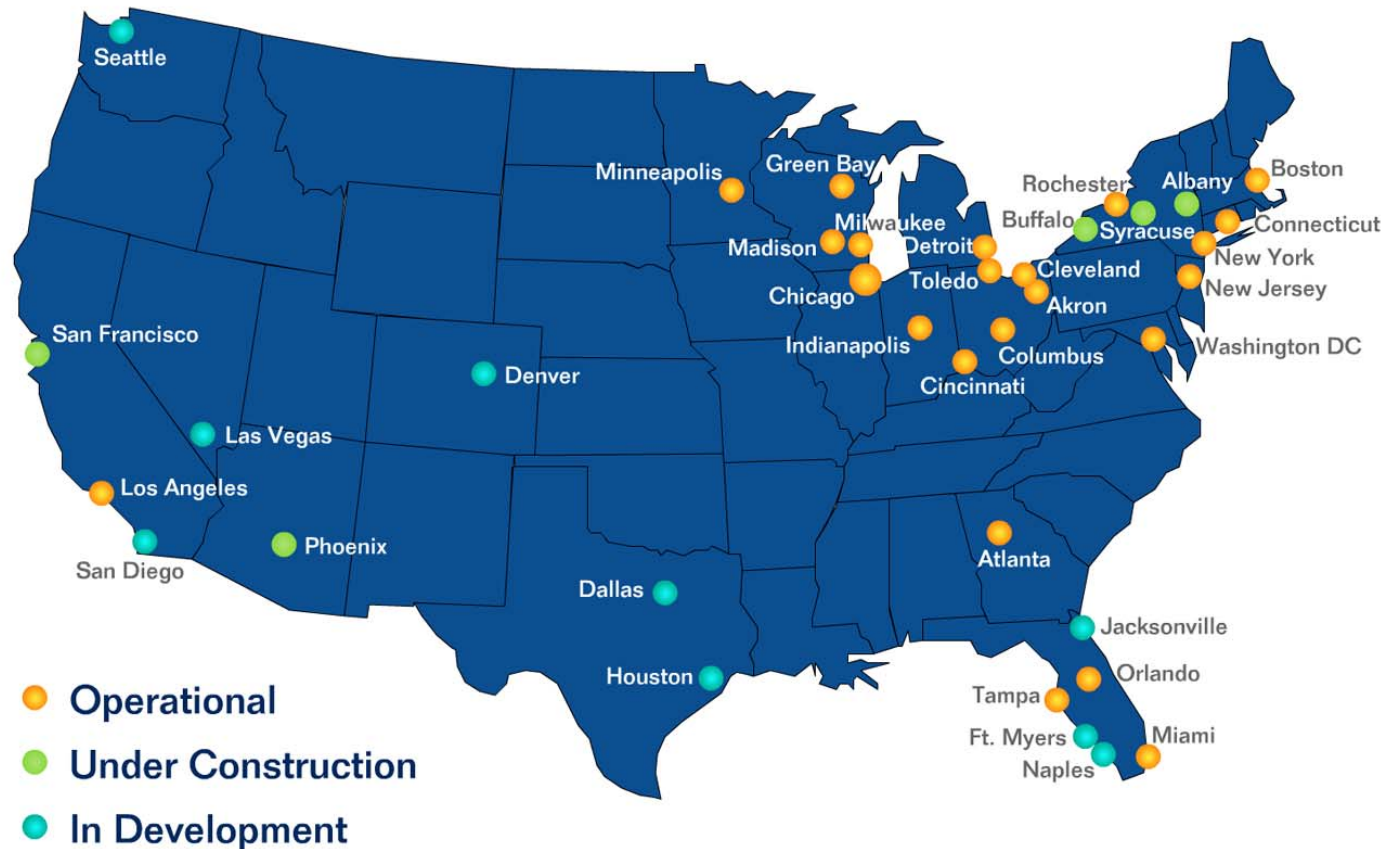


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Neutral Tandem Coverage Map

Coverage:

- Over 40 LATAs across the country
- Over 115M phone numbers available to route to



Industry Trends

Significant Growth in Inter-carrier Traffic

- **MOU Growth Among Competitive Carriers**
 - Wireless MOUs were approximately 1.5 Trillion in 2005 with 35% YoY growth.
 - CLEC MOUs were 341 Billion in 2005.
 - CLEC & Wireless MOUs in 2005 represented 54% of total MOUs.
 - Cable MSOs are adding over 50,000 phone subscribers/week.
- **ILEC Wireline Displacement Continues**
 - LNP continues to facilitate the migration of traffic away from the ILEC.
 - Wireless is growing in popularity as a replacement for landline service.
 - Increasing competition from Cable and VoIP service providers.
- **Requirement to Lower Operating and Capital Expenses**
 - Increased market and economic pressures.
 - Strongest carriers survive and thrive.

Industry factors have led to a large overlap of carrier networks, an explosion of inter-carrier traffic, and a greater reliance on ILEC tandems.



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Impact of ILEC Tandems

Inefficient

Complicated

Expensive

Current Architecture

Impact to Carrier

Network Complexity

- ☑ Difficult to manage
- ☑ Limited traffic visibility
- ☑ Expensive

Multiple Tandems

- ☑ Cumbersome
- ☑ Restrictive Routing Options
- ☑ Doesn't scale

Inefficient Network Utilization

- ☑ Excess capacity required
- ☑ Increased costs

One-sided Reliance on Competitor's Network

- ☑ Long lead times - additional circuits
- ☑ No competitive leverage
- ☑ Unfair cost burden
- ☑ Poor performance

Today's network architecture places carriers at a competitive disadvantage by increasing their cost burden and limiting the ability to leverage efficiencies and vendors.

ILEC Tandem Network

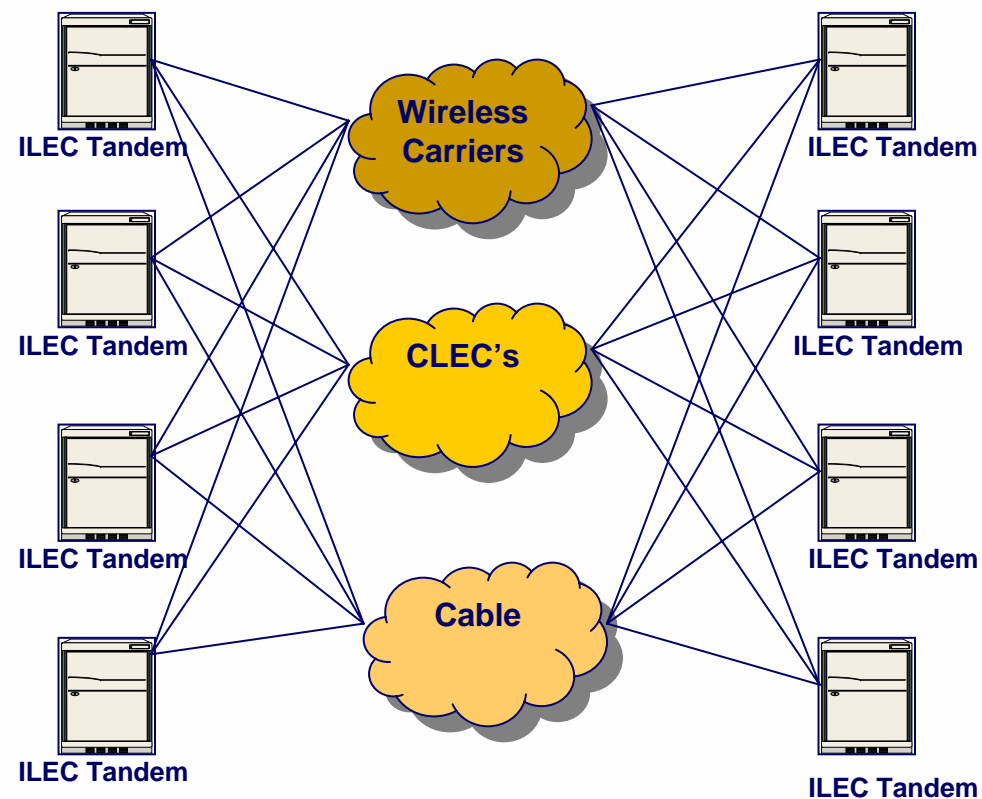
Complicated

Expensive

Inefficient

Cumbersome

The ILEC Tandem network was built to serve ILEC Central Offices and not competitive switches.

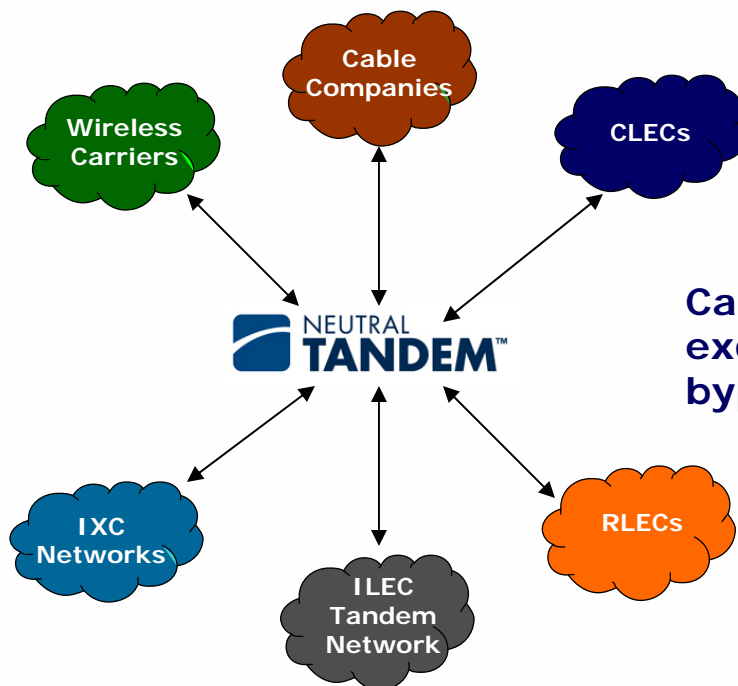




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Service Description

Competitive Exchange Network



Carriers utilize Neutral Tandem to exchange inter-carrier traffic and bypass ILEC Tandems.

Efficient
Cost Effective
Simplified
Diverse
Non-Blocking

Neutral Tandem is the first company to offer a neutral (non-competing) "tandem network" solution to exchange inter-carrier traffic.

Neutral Tandem's Petition and Motion

- **Petition Requests:**

- An order under Section 201(a) applicable to Verizon Wireless **only**;
- Requiring Verizon Wireless to permit direct connections for termination of Neutral Tandem's traffic **only**;
- Direct connection **only** where traffic volumes justify it; and
- Neutral Tandem pays 100% of the transport.

- **Pending Motion Requests:**

- An immediate order requiring Verizon Wireless to continue receiving traffic over existing trunk groups established under contract with Verizon Wireless.

Setting the Record Straight

- **Verizon Wireless says:**
 - Neutral Tandem filed a Petition for Rulemaking.
- **The truth is:**
 - Neutral Tandem filed a Petition for Interconnection under Section 201(a) for an order directing connections along specific routes between just two specific carriers.

Setting the Record Straight

- **Verizon Wireless says:**
 - FCC has ruled that CMRS carriers have no obligation to direct connect.
- **The truth is:**
 - The FCC (properly) refrained in 2000 from adopting a general, **mandatory** CMRS interconnection obligation, because no need had been shown.
 - Verizon quotes paragraphs of the Fourth Report and Order and other decisions that applied only to *reseller* interconnection demands and erroneously tries to apply them to this case.
 - Fourth Report and Order did not address case-by-case requests for interconnection under Section 201, much less foreclose them.
 - Indeed, Section 332(c)(1)(A) specifically forbids the FCC from exempting CMRS carriers from Section 201 interconnection duties.

Setting the Record Straight

- **Verizon Wireless says:**
 - Neutral Tandem cannot request interconnection because it has no end users.
- **The truth is:**
 - Verizon Wireless' majority owner, among others, acknowledged in the pending *Time Warner Cable* proceeding that carriers may seek interconnection for third party traffic.
 - Nothing in Section 201(a) distinguishes between wholesale and retail carriers.

Setting the Record Straight

- **Verizon Wireless says:**
 - Neutral Tandem adds no value to the telecommunications market.
- **The truth is:**
 - Due to strong customer demand, Neutral Tandem has grown rapidly to serve over 40 LATAs and serves nearly every competitive carrier in all those markets.
 - Carriers would not repeatedly use Neutral Tandem in multiple markets if they did not receive value.
 - Even Verizon Wireless employees in multiple markets who are responsible for network operations stated that Neutral Tandem has a great business model and that Verizon Wireless should use Neutral Tandem's services.
 - Indeed, while it was under no obligation to do so, Verizon Wireless even began to *send* traffic through Neutral Tandem to other carriers.
 - The FCC has recognized the importance of tandem competition, and the *Katrina Report* finds that redundant tandem pathways, needed to ensure network redundancy, are seriously lacking.

Setting the Record Straight

- **Verizon Wireless says:**
 - “Neutral Tandem simply seeks to insert itself as an alternative tandem between carriers ... in other words, to collect fees as a middleman.”
- **The truth is:**
 - Neutral Tandem serves the exact same role in the call-flow as incumbent LEC tandems, but Neutral Tandem provides a better service and collects lower fees for doing it.
 - Verizon Wireless isn't paying the fees; Neutral Tandem customers are – voluntarily.
 - What gives Verizon Wireless the right to dictate which tandem other carriers use?

Setting the Record Straight

- **Verizon Wireless says:**
 - Connecting to Neutral Tandem is inefficient.
- **The truth is:**
 - Neutral Tandem aggregates traffic from numerous carriers making interconnection substantially more efficient, allowing Verizon Wireless to deal with a larger capacity facility instead of individual carrier interconnections.
 - Indeed, by combining traffic from different types of carriers (who all have different calling patterns, busy hours, etc.) over shared facilities, Neutral Tandem allows greater utilization of facilities.
 - If carriers all had to direct connect versus use a tandem, there would be exponentially more direct connections required (e.g., 100 switches requiring 9,900 connections vs. 100 connections through a tandem).

Setting the Record Straight

- **Verizon Wireless says:**
 - Neutral Tandem is difficult to work with.
- **The truth is:**
 - Neutral Tandem has grown 100% year over year.
 - The Company now switches 2 billion minutes per month, and serves essentially every major carrier, wireless provider, cable operator, and CLEC in the markets it serves.
 - In 3 ½ years, a customer has never discontinued service (before Verizon Wireless), and the Company has never had a service or billing dispute with a customer.

Setting the Record Straight

- **Verizon Wireless says:**
 - The FCC has already rejected Neutral Tandem's claims.
- **The truth is:**
 - Neutral Tandem withdrew its first request for mediation and "Rocket Docket" treatment after Verizon Wireless offered to enter into a termination agreement – which it promptly breached.
 - The FCC merely made a procedural decision to not to grant "Rocket Docket" status to the second filing.
 - The Commission has never ruled on the merits of any of Neutral Tandem's claims.

Setting the Record Straight

- **Verizon Wireless says:**
 - The interim relief requested is not encompassed by the Petition for Interconnection.
- **The truth is:**
 - The routes covered by the Motion for Interim Relief are among the same routes covered by the Petition.
 - The FCC can order interconnection prospectively at any time after notice and opportunity for hearing (which Verizon Wireless has now had).
 - Thus, the FCC can order Verizon Wireless to provide these connections prospectively as of today, or at any time in the future.

Setting the Record Straight

- **Verizon Wireless says:**
 - The Master Service Agreement cannot be extended.
- **The truth is:**
 - Verizon Wireless has already offered to extend the agreement 90 days in an attempt to prevent service interruptions.
 - There is no reason why a further extension could not be made to ensure that no disruption occurs, given the time required for carriers to make alternative arrangements.

Setting the Record Straight

- **Verizon Wireless says:**
 - Neutral Tandem was unhappy with the Master Service Agreement.
- **The truth is:**
 - Neutral Tandem was thrilled with the agreement; but Neutral Tandem was unhappy and frustrated with Verizon Wireless' subsequent breach of the agreement.
 - If Neutral Tandem was unhappy with the arrangement, why would the Company have withdrawn its initial FCC filing?

Setting the Record Straight

- **Verizon Wireless says:**
 - An interconnection order will harm Verizon Wireless by tying up switch ports that could be put to other uses.
- **The truth is:**
 - The traffic now being terminated to Verizon Wireless by Neutral Tandem isn't going to disappear. Instead, if Verizon Wireless removes its trunks to Neutral Tandem, the traffic, when not blocked, will be delivered over other routes. Verizon Wireless will still need switch ports, one way or the other, to receive this traffic.